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BRIEF SURVEY OF AND PROPOSAL FOR BETTER RECONCILIATION OF THE OPTIONS IN PATENT, TRADEMARK, COPYRIGHT AND RELATED LAW*

THOMAS G. FIELD, JR.**

I. INTRODUCTION

A great deal has happened in the ten years since I last attempted a brief overview of this area of law.¹ Now, as then, not much depth is possible, but the volume of more-or-less related material makes a brief overview all the more useful.

Although more law schools now offer at least a survey course, few students elect it.² Consequently, few lawyers aside from specialists know much about it. Moreover, unlike most areas of specialization, such as tax, labor, and antitrust law, the basic principles of which are known to most practitioners, if a generalist knows anything, it is apt

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¹ *Intellectual and Industrial Property in a Nutshell*, 77 W.V. L. REV. 525 (1975), reprinted in 14 PUB. ENT. ADV. L. Q. 301 (1976). In several instances this article incorporates text from that one.

In writing this, I am very much aware of and grateful for the contributions of others. First are the students who may have helped me more than I have helped them understand this area. Second are Paul Goldstein, Edmund Kitch, and Harvey Perlman, whose casebooks I have found educational. Finally, I am grateful to the Law Center and to my colleagues for creating an environment in which one who is interested in such subject matter can thrive.

² See A.A.L.S., DIRECTOR OF LAW TEACHERS 1984-85, 894-5 (West).

to be wrong.³ Furthermore, because clients tend to approach generalists first, substantial and incurable injury may result from a generalist's mistaken notions of the law. Avoiding such injury is one of the objectives of this article.

Most of the mystique surrounding this area of law is wholly unjustified. While the acquisition of some of the legal interests encompassed within it is more complicated than other acquisitions, by and large these interests can be protected and transferred in much the same manner as others. To the extent that any given interest is recognized by the law and is alienable, it seems proper to call it "property." For that reason, "intellectual property" will be used as a generic term to encompass all of the interests which are to some extent alienable.⁴ Not all of them are, and interests which do not seem to fit that condition can be briefly discussed and disposed of. The remainder of the article will focus on that which can more properly be called "intellectual" and/or "industrial" property.

Taking up trademarks, patents, copyrights, and trade secrets (in that order), it will attempt to summarize briefly the ways in which such rights arise, are perfected and enforced. It will also discuss a hypothetical in which all of those options will be discussed in a comparative way. Finally, it will suggest that basic improvements in the area could be realized by dispensing with the often confusing and arbitrary subject matter distinctions which characterize the various subparts of the present intellectual property system.

³ See, e.g., P. GOLDSTEIN, PREFACE TO COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES (1973). This is not surprising. While it is generally recognized that intangible rights manifested by, e.g., stocks and bonds comprise the bulk of wealth in this country, it does not seem to be widely appreciated that the know-how and reputation behind ownership rights in companies are at least as much a component of their worth as realty or tangible personalty. Consider, e.g., the situation presented by automobile, chemical or electronics industries.

⁴ J. CRIBBET, PRINCIPLES OF THE LAW OF PROPERTY 4 (1962). There, Dean Cribbet observes in part: "Thus analyzed, it will be seen that property can exist in relation to an infinite number of things. . . . It is just as true, but less obvious, that . . . patents, trademarks, copyrights, and even good will can be brought within the ken of property." *But cf.* Mr. Justice Holmes' comment in *E.I. duPont de Nemours Powder Co. v. Masland*, 244 U.S. 100, 102 (1917): "The word 'property' as applied to trade-marks and trade secrets is an unanalyzed expression of certain secondary consequences of the primary fact that the law makes some rudimentary requirements of good faith."

II. "UNFAIR COMPETITION"

The words, "unfair competition," have widely varying meanings. In the broadest sense, "unfair competition" can encompass what is usually called antitrust law.⁵ Except as antitrust may limit some of the legal interests to be discussed, it is beyond the scope of this article. In the narrowest sense, the words refer to the common law which prevents one business from palming off its goods or services as those of another.⁶ Insofar as that law is closely related to trademark law, it will be treated below.⁷

Between the two extremes is a body of private law which is coming to be called "unfair business practices" or "unfair trade practices."⁸ That law (with some success) prevents commercial misrepresentations of price, quality, or quantity which injure competitors⁹ of the offending party.

Unfair trade practice law is strange indeed. First, there is a peculiar split between federal and state causes of action. On the one hand, if a firm misrepresents its *own* goods or services, a competitor may bring an action under §43(a) of the Lanham Act¹⁰ (which is the name of the federal trademark statute). On the other, if a firm misrepresents the goods or services of *another*, the one who is injured may be left to actions under state law.¹¹

⁵ See, e.g., §5(a)(1) of the Federal Trade Commission Act, 15 U.S.C. §45(a)(1) (1984), which makes "unfair methods of competition . . . unlawful." For a discussion of the relationships between this and the antitrust law, see, e.g., Field, *Appraising Private and Public Roles in Returning Small Economic Losses to Consumers . . .*, 29 MERCER L. REV. 773, 780-82 (1978).

⁶ See, e.g., *Developments in the Law: Trademarks and Unfair Competition*, 68 HARV. L. REV. 814 (1955). See also 1 MC CARTHY, TRADEMARKS AND UNFAIR COMPETITION 19 (2d ed. 1984).

⁷ Part III, *infra*.

⁸ See, e.g., Germain, *Unfair Trade Practices Under Section 43(a) of the Lanham Act . . .*, 64 TMK. REP. 193 (1974). However, McManus, in *THE LAW OF UNFAIR TRADE PRACTICES IN A NUTSHELL* (1983), uses the term to encompass everything covered in this article — and more!

⁹ However, both consumers and public entities may be able to bring actions. See Field, note 5, *supra*.

¹⁰ 15 U.S.C. §1125(a) (1984). At common law, no such action was possible; *Ely-Norris Safe Co. v. Mosler Safe Co.*, 7 F.2d 603 (2d Cir. 1925), *rev'd* *Mosler Safe Co. v. Ely-Norris Safe Co.*, 273 U.S. 132 (1927) — Learned Hand wrote the former; Holmes, the latter.

¹¹ See, e.g., *Bernard Food Ind. v. Dietene Co.*, 415 F.2d 1279 (7th Cir. 1969), *cert. denied*, 397 U.S. 912 (1970). However, if both kinds of misrepresentations are made, an action under 43(a) will lie even in the 7th circuit; *id.*, at 1284.

Second, even more peculiar than the jurisdictional split is the situation with regard to remedies. Under the Lanham Act, the plaintiff need not show actual damage in order to obtain an injunction.¹² This is good because actual damage is, more often than not, impossible to show.¹³ Under state law, apparently because of deference to "free speech," injunctions are difficult (to impossible) to obtain. Even if one whose business, product, or service is libeled or disparaged can show actual damage, an injunction may not be available. In the absence of such a showing, an injunction is even less likely.¹⁴

Finally, while a few states have adopted the Uniform Deceptive Trade Practices Act which goes far toward improving the remedies situation, most have not.¹⁵ Yet the overwhelming bulk of states have adopted a version of the Uniform Trade Practices and Consumer Protection Law which permits *consumers* to address the same conduct with injunctions, minimum statutory damages, costs, *and* attorneys' fees!¹⁶

Needless to say, this area of the law is overripe for reform. While problems exist in the law yet to be discussed, few rise to anything approaching the same level of severity.

III. TRADEMARKS

A. *The Importance of Source Indicators*¹⁷

People with new ideas having potential commercial value usually think only of protecting the *idea*. However, if they are in business or are planning to go into business, legal means for protecting commercial *reputations* need close attention irrespective of the nature or novelty of their goods or services. Moreover, trademark and closely

¹² See, e.g., *Johnson & Johnson v. Carter-Wallace*, 631 F.2d 186 (2d Cir. 1980).

¹³ *Id.*; also *Mosler Safe*, note 10, *supra*.

¹⁴ See generally, e.g., Graf, *Disparaging the Product – Are the Remedies Reliable?*, 9 DUQ. L. REV. 163 (1970). Although the speaker was not a competitor, *Bose Corp. v. Consumers Union*, 104 S.Ct. 1949 (1984) is also of some interest on the issue of damages.

¹⁵ 2 MC CARTHY, note 6, *supra*, at 377, indicates that about 12 states have adopted this act which permits an injunction on the likelihood of damage (§3).

¹⁶ See 26 SUGGESTED ST. LEGN. 141 (1970). Alternative form no. 3 of §2 *explicitly* makes, e.g., disparagement unlawful. Section 8(a) provides for consumer actions (subject to suffering an "ascertainable loss"). An FTC "Fact Sheet" issued in July 1977 provides details on which jurisdiction has done what. It states that 42 jurisdictions permit consumer actions.

¹⁷ The first two sections of this part are adapted from "What's in a Name?" (1984), a pamphlet distributed by the Franklin Pierce Innovation Clinic.

related law may furnish attractive rights supplemental to, for example, patents. In many instances such protection, alone, may be adequate — and, indeed, may be all that is available.¹⁸

By having the right to exclude competitors from using any symbol used by one firm to distinguish its products or services from those of competitors, that firm can ensure that competitors cannot palm off their goods and services as originating with it. Thus, unless the firm has a substantial investment, *e.g.*, in original research and development (assuming it has basic marketing skills and provides fair value for consumer dollars), giving purchasers the option of fairly choosing it over competitors will afford all the protection needed.

In protecting commercial reputations, trademark and related law enables consumers to seek out, or to avoid, particular commercial sources. For that reason, marks often become companies' most valuable assets — ones which instead of expiring or wearing out, usually become more valuable with time. Businesses cannot afford not to make the most of them.

B. *The First Step – Choosing a Name*

As much care should be given to choice of mark as to choice of location, the hiring of key personnel, or any other major business decision. There are weak trademarks and strong ones.¹⁹ Of course, a firm will want the strongest one it can think of.²⁰

One way to avoid time, trouble, and expense (for reasons to be discussed below) is to avoid marks which consist of the firm's name or location. Of course, there are many famous examples (such as Ford) where this was not done, but strong commercial rights in such names are not easily obtained. For that reason it is best to look elsewhere for inspiration.²¹

Another rule is to avoid descriptive names. At one extreme, so-called generic names such as "hamburger," "car," or "TV Repair" are *totally* descriptive and useless as trademarks. (It is worth mentioning, too, that misspellings such as "Krystal Kleer Kleener" afford no material advantage over properly spelled words.) At the other extreme,

¹⁸ Subject matter and other restrictions on what can be protected by patents, copyrights, and trade secrets will be discussed in parts IV, V, and IV, respectively.

¹⁹ In general, the more unique a mark, the stronger it is. If a mark is strong enough, others may be prevented from using it even though no source confusion is likely. *See, e.g.*, 2 MC CARTHY, note 6, *supra*, at 224.

²⁰ *See generally* 1 MC CARTHY, note 6, *supra*, at 503.

²¹ One is presumed to be able to use his/her own surname. Thus, another will have difficulty preempting its use by showing secondary meaning; *id.*, at 578.

purely arbitrary or fanciful terms such as “Whammo,” “Big Mac,” or “Fiesta” make the strongest trademarks because they are nondescriptive. Between the two extremes, terms which merely *suggest* (without being overly descriptive) a favorable aspect of a product can be quite good. Marks such as “Rabbit,” “Whopper” and “Ultra-Bright” are well-known examples.²²

In a related vein, if truly new products or services are involved, a firm would do well to choose *two* names — a generic one as a common name for the product or service; the other to use as a trade or service mark. The law gives purchasers the right to ask for a product or service by its common (or “generic”) name — regardless of who provides it.²³ Conversely, it gives businesses the right to sell goods and services by their common descriptive names — except, perhaps, for the 17 years someone else might have a patent.²⁴ There are many instances where this was not attended to, and considerable money was invested in promoting a “trademark” which was found to have started out as or to have become a common descriptive name. “Yo-yo” is a good example of the former. As for the latter, at one time “aspirin” was Bayer’s trademark, but in the U.S. it became descriptive because Americans refused to use the more difficult chemical name for the product.²⁵

So, if a firm has invented a gizmo and markets it as the “XYZ” brand gizmo, it can be reasonably confident of keeping a share of the market when, sooner or later, others begin to compete.

The final rule is to avoid *misdescriptive* names. Consider the name “Two Hour” for a TV repair business. On the one hand, if it accurately *describes* the typical repair time, it is a poor choice as discussed above. On the other, if it leads consumers *unwisely* to expect promptness, it is even worse. Not only would it be a terrible choice from the standpoint of trademark law, but it would also cause very unfavorable customer reactions.²⁶

²² *Id.*, at 433.

²³ *Id.*, at 547.

²⁴ See, e.g., *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938). In that case, Kellogg was permitted the right not only to call the product “shredded wheat,” but also to make the product in the well-known pillow shape.

²⁵ See generally 1 MC CARTHY, note 6, *supra*, at 533.

²⁶ See 15 U.S.C. §1052(e) (1984). See also *Jacob Siegal Co. v. FTC*, 327 U.S. 608 (1946). Finally, one should consider potential product liability implications; see, e.g., *Maize v. Atlantic Refining Co.*, 352 Pa. 51, 41 A.2d 850 (1945).

C. *Keeping Your Options Open*

When a firm has arrived at a good name, there are other matters which need attention. The first is essential, but the second is optional. An example will be helpful in explaining them both.

Imagine two businesses starting at about the same time, making the same or similar products. Assume, further, that they choose the same or similar marks, but because they are in different and distant parts of the country, the similarity in names causes no problems — at least initially.

However, unless one business fails or both stagnate, trouble is inevitable. If, eventually, some common group of consumers has to choose between them, neither trademark will have any value. Trademark law will prevent that from happening in one of two ways: (1) One of the companies will find itself having to stop using "its" name in all or most of the country; or (2) Each will be prevented from expanding under established trademarks.

Such problems can be avoided. The first step (the essential one) is to get a trademark search.²⁷ For probably less than the cost of a typical real estate title check on an average home, one can learn whether a mark is currently in use. This can prevent one firm's adopting a name which already belongs to someone else. A search could have been used by one of the two firms in the example to avoid problems if they had not started at about the same time.

Also, either of them, in such an unlikely situation, could have taken advantage of state or federal trademark registers to protect as much potential market as possible. While registration by one would not divest the other of already established markets, it could prevent expansion into new markets. Thus, there is good reason, if one decides to register at all, to do it as soon as possible.²⁸

D. *Trademark Registers*

1. *Kinds of Registers and Marks*

As noted above, trademark protection is found not only in state and federal statutes but also in the state common law. For purposes of

²⁷ Even a *company* name should be searched more widely than a single state register. See, e.g., 1 MC CARTHY, note 6, *supra*, at 308. See also, e.g., Lawyers Title Ins. Co. v. Lawyers Title Ins. Corp. 109 F.2d 35 (D.C. Cir. 1940), *cert. denied*, 309 U.S. 694 (1940). Firms exist which search not only various registers but also trade directories — and even telephone books for quite nominal fees, e.g., Compu-Mark in New York or Thomson & Thomson in Boston.

²⁸ An interesting case involving a conflict between an earlier state registration and a later, but more thoroughly exploited, federal registration is: Burger King of Fla. v. Hoots, 403 F.2d 904 (7th Cir. 1968).

this section however, it is convenient to focus on the federal law since it is most carefully codified.²⁹

Under the federal statute, there are two basic registers of marks: the principal register and the supplemental register.³⁰ The reason for the supplemental register is that common law rights of trademark protection do not exist in many foreign nations, and, in those countries, trademarks of United States citizens may be registered under reciprocity treaties only if they could be registered in the United States. It was early realized that many businesses have considerable proprietary rights which, although enforceable at common law, are unregistrable under the technical requirements of the trademark law. Moreover, because foreign protection for such rights was unavailable in the absence of domestic trademark registrability, the supplemental register was provided.³¹ The supplemental register is similar to, but in material respects inferior to, the principal register.³² Having noted its existence and the basic reason therefor, however, it will not be further discussed.

Marks³³ are broken down under federal statute into the following categories:³⁴ (a) trademarks; (b) service marks; (c) collective marks; and (d) certification marks. An example or two of each should separate their boundaries enough to focus only on trademarks hereafter. They are, respectively: (a) "Bandaid" or "Kool-Aid"; (b) "H & R Block" or "The Educational Testing Service"; (c) "The Dairymen's Association"; and (d) "Underwriter's Laboratories" or "The Good Housekeeping Seal of Approval."

2. *Obtaining Federal Registration*

As mentioned above, trademarks do not depend on any act of origination. Rights are acquired in a way similar to that of obtaining title in wild animals. The first to use gets superior rights.

Unfortunately, because of the confusion caused, federal *registration* of trademarks, for many years, took place in the United States *Patent*

²⁹ In this part, all section citations will be to Title 15 of the U.S. Code (1984).

³⁰ 1 MC CARTHY, note 6, *supra*, at 883.

³¹ *Id.*, at 886. See §§1091-1096.

³² Section 1094 lists a number of provisions not applicable to the supplemental register.

³³ Section 1127 defines the terms in somewhat unclear fashion. "Trademark" is defined as "any word, name, symbol or device." See, e.g., *In re Leblanc*, 429 F.2d 989 (C.C.P.A. 1970). See also *In re DC Comics*, 689 F.2d 1042 (C.C.P.A. 1982).

³⁴ Sections 1052-54.

Office, now Patent and Trademark Office [hereinafter, PTO].³⁵ Although patents have yet to be discussed, it is useful to contrast the process for obtaining them with that for registering trademarks:³⁶

Every right a patentee has is given to him by the Patent Office. On the other hand, the acquisition of the right to exclude others from the use of a trademark results from the fact of use and the common law, independently of registration in the Patent Office. The happenstance [by Congressional fiat] that trademarks are registered in the *Patent* Office should not result in confusing the principles involved in dissimilar proceedings with respect to wholly dissimilar rights. It is in the public interest to *maintain* registrations of technically good trademarks on the register so long as they are still in use. The register then reflects commercial reality . . . trademark rights, unlike patent rights, continue notwithstanding cancellation of those additional rights which the Patent Office is empowered by statute to grant. [Emphasis in original.]

Nevertheless, there are several hurdles to be overcome in obtaining registration on the principal federal register. First, federal registration is based on the *use*³⁷ of the mark to distinguish goods *in interstate commerce*.³⁸ Second, echoing the general requirements mentioned above, the technical requirements of registration are that the mark sought to be registered (1) is not confusingly similar to another mark used for similar goods; (2) is not either descriptive of the goods or misdescriptive (*e.g.*, the mark, "Idaho Potatoes" would be *either* descriptive or misdescriptive for potatoes, depending on where they came from); (3) is not deceptive; (4) does not consist of a person's surname; and (5) variations on the above, overlapping themes.³⁹ Some of

³⁵ P.L. 93-596 (1975).

³⁶ *Morehouse Mfg. v. Strickland*, 407 F.2d 881, 888 (C.C.P.A. 1969).

³⁷ *Id.* It bears emphasis that no rights arise from merely creating a unique mark, although such a mark, when used, will be presumed to have secondary meaning. See *e.g.*, note 19, *supra*.

However, trademark attorneys often skirt this requirement by *token* use. Thus, use is more of a bother than a real requirement. *But see* *Manhattan Industries v. Sweater Bee By Banff, Ltd.*, 627 F.2d 628 (2d Cir. 1980).

³⁸ Federal trademark legislation is based on the commerce clause; see, *e.g.*, *Trademark Cases*, 100 U.S. 82 (1879).

Moreover, "in commerce" (*e.g.*, §1051) has been strictly construed by the PTO. See, *e.g.*, *In re Taylor*, 133 U.S.P.Q. 490, 491 (P.O. Tmk. Trial & App. Bd. 1962). This, too, can be skirted by token use. Also, courts may be inclined to construe "in commerce" more liberally; see, *e.g.*, *Hoots*, note 28, *supra*, finding that a federal registration can prevent an earlier state registrant from expanding outside of the area of actual use.

³⁹ Section 1052.

these restrictions can be waived, however, if the applicant has a long record of exclusive use.⁴⁰

Assuming that an applicant can meet the technical requirements for registration of his/her mark, and assuming the applicant does not get into a contest with another applicant or a prior registrant,⁴¹ a certificate of registration that is "prima facie evidence of the validity of the registration,"⁴² is awarded. Registration is "constructive notice of the registrant's claim of ownership" for 20 years.⁴³

Registration can be renewed by appropriate means every 20 years *as long as the mark is in use* as originally registered.⁴⁴ Perhaps this should be contrasted with the situation which would be presented if the Xerox Company should decide to expand into the toothpaste market. They would have to file a new registration application for the mark "Xerox" as applied to toothpaste — *not a renewal* application.

E. *Enforcement of Rights*

Regardless of the source of trademark rights, infringement suits are brought in the courts. A trademark is infringed when a mark is applied to goods under circumstances in which another has a superior right to use the same or a similar mark on those or similar goods. For example, "Xerox" applied to antifreeze might very well be found to infringe "Zerex" antifreeze. All this is true even at common law.⁴⁵

The question, then, becomes: What does federal registration accomplish? Principal federal registration accomplishes three things not accomplished by state common or statutory law: (1) It gives the registrant the right to bring an action for infringement in federal court, regardless of the amount in controversy, the citizenship of the parties⁴⁶ or actual competition between them;⁴⁷ (2) It is constructive notice to everyone in the United States that the registrant is claiming the right to use the mark throughout the country;⁴⁸ and, (3) After five

⁴⁰ Section 1052(f) provides that five years of exclusive use is prima facie evidence of secondary meaning.

⁴¹ Sections 1063-64 and 1066. With regard to the latter, *see, e.g.*, 1 MC CARTHY, note 6, *supra*, at 1087.

⁴² Section 1057(b).

⁴³ Section 1058, *but see* §1058(b).

⁴⁴ Section 1059.

⁴⁵ For a list of 12 factors (and a catchall) for determining likelihood of confusion, *see* E.I. duPont de Nemours & Co., 476 F.2d 1357 (C.C.P.A. 1973).

⁴⁶ Section 1121.

⁴⁷ Section 1115.

⁴⁸ *Id.*

years of use and federal registration, the registration becomes incontestable⁴⁹ and prima facie evidence of the registrant's exclusive right to use the mark.⁵⁰

As mentioned above, the implications of federal registration for a small business that may be using a mark in a limited (as yet) locality are serious, and every lawyer should be aware of them. Small business should be warned that nasty problems can arise from commencing use of a mark without first searching state and federal registers and other references to commercial names in use; large amounts of time and money may be spent to acquire a good reputation in a mark only to subsequently discover that another has superior rights.⁵¹

The remedies available for trademark infringement are (1) injunctive relief, (2) damages, (3) profits, (4) costs and attorneys' fees, and (5) destruction of infringing articles.⁵²

Defenses available in such a suit include (1) noninfringement, *i.e.*, no likelihood that people will be confused as to source;⁵³ (2) invalidity, *e.g.*, that the mark has become the common descriptive name of the goods or services in question;⁵⁴ (3) prior use, *i.e.*, that the alleged infringer's use predates the registration;⁵⁵ and (4) misuse, *e.g.*, that the registrant has unclean hands.⁵⁶

IV. PATENTS⁵⁷

The word "patent" is an abbreviated form of the term "letters patent" and most broadly represents an exclusive grant from a govern-

⁴⁹ Section 1065.

⁵⁰ Section 1115.

⁵¹ See notes 27, 28, and discussion, *supra*.

⁵² Sections 1116-18.

⁵³ Section 1114; see also note 45, *supra*.

⁵⁴ See, *e.g.*, §1064(c). But see *Park 'N Fly v. Dollar Park and Fly*, 105 S.Ct. 658 (1985); see also Trademark Clarification Act of 1984, P.L. 98-620, 98 Stat. 3335 (1984), amending §1064(c).

⁵⁵ Section 1115(b)(6).

⁵⁶ Section 1115(b)(7); also §1116: "injunctions according to the principles of equity." Moreover, the PTO has taken the position that certain kinds of improper conduct (unrelated to the mark per se) can seriously affect the validity of the registration. See *Field, The Fourth Dimensions in Labeling . . .*, 25 FOOD D. COS. L. J. 347 and 372 (1970).

⁵⁷ Within this part, all section citations are to Title 35 of the U.S. Code (1984).

mental body.⁵⁸ An early form of patent in the United States was a land grant patent to railroads conferring upon them the exclusive and unlimited right to certain tracts of land.⁵⁹ Unlike land grant patents which were unlimited in duration, the types of patents to be discussed here are strictly of limited duration.⁶⁰

The most widely accepted rationale for these grants is similar to the purpose of the old railroad land grants — to provide *an incentive to invest* in the research and development necessary to achieve measurable improvement in our standard of life.⁶¹ In return for that investment, a party successful in making an innovation acceptable under the standards of the patent laws is rewarded with the exclusive right to use, produce, sell, or perform the subject matter of the patent for the duration of the patent, even though someone else may have independently come up with the same innovation.⁶² A patentee is thus said to have a “legal monopoly.”

⁵⁸ A good review of the early history of and rationale for patents appears in Machlup, *An Economic Review of the Patent System*, Study No. 15 of the Senate Subcomm. on Patents, Trademarks and Copyrights of the Comm. on the Judiciary, 85th Cong., 2d Sess. (1958).

⁵⁹ See, e.g., *Northern Pac. Ry. v. U.S.*, 356 U.S. 1 (1958). See also Kitch, *The Nature and Function of the Patent System*, 20 J.L. & ECON. 265 (1977), wherein he likens patent claims to mining claims.

⁶⁰ U.S. Const. art. I, §8 provides: “The Congress shall have power . . . to promote the progress of science and useful arts, by securing *for limited times* to authors and inventors the exclusive right to their respective writings and discoveries.” [Emphasis added.] For an analysis of the above provision see Marmorek, *The Inventor’s Common Law Rights Today*, 50 J. PAT. OFF. SOC’Y 369, 376 (1968).

⁶¹ Notes 57 and 58, *supra*.

⁶² The right to *exclude others* is, of course, *not* the right to *use oneself*. This distinction is worth making both in the case of copyright and patent. One of the few cases where it is cogently applied is *Belcher v. Tarbox*, 486 F.2d 1087, 1088 (9th Cir. 1973).

Only in the case of trademark would a blanket restriction on the right to use necessarily implicate the validity of the underlying grant. Even there, exceptions were made for alcoholic beverage marks following prohibition! See 1 MC CARTHY, note 6, *supra*, at 776.

A "legal monopoly," whatever that is, should be distinguished from an "economic" monopoly:⁶³ A great many patents are so-called "paper" patents and are never put to commercial use. Although this distinction is widely ignored, it is one for the generalist to consider when confronted with a client who wishes a patent. The process of obtaining a patent may be quite lengthy and expensive, and, as will be discussed below, it probably will be difficult and expensive to enforce.⁶⁴ An independent inventor should therefore, carefully con-

⁶³ See, e.g., HANDLER, BLAKE, PITOFISKY and GOLDSCHMID, PATENTS AND ANTITRUST, 2 (Supp. to their antitrust casebook, 1983). See also, e.g., U.S. Steel v. Fortner Enterprises, 429 U.S. 610, 621 (1977). Compare Lowin, *Whether Patented or Unpatented* . . . , 23 IDEA 77 (1982).

As applied to other forms of intellectual property, the term, "legal monopoly," is even more problematic. As discussed above, e.g., at note 23, *supra*, a trademark covers nothing more than source designation. Also, as will be discussed below, neither copyright nor trade secret law prevent another party from independently creating the same subject matter. See, e.g., notes 133 and 150, *infra*. Indeed, while copyright prevents copying of a work, it does not prevent the use of any underlying ideas, etc.; see, e.g., note 138, *supra*.

⁶⁴ Thus, an Innovation Clinic pamphlet entitled, "So You Have an Idea" (1983), counsels:

Legal protection for an invention is like a lock on a door. You wouldn't buy the most expensive lock available to protect something nobody wants. On the other hand, if you have property which is very valuable, you probably would obtain a very sturdy lock to protect it. Protection for your invention should be similarly weighed depending on whether, for example, there is a consumer demand and how strong that demand is.

Not enough inventors pay proper attention to such matters. A recent survey* showed that less than one in five inventors earn more than \$2,000.00 on their first patented invention. Because legal protection may cost that much or more, consumer demand or the market value of your product should be *and remain* one of your primary concerns. [Emphasis in original.]

**The Inventor*, 18(3) IDEA 1 (1976).

Nevertheless, even if one chooses not to pursue a patent, s/he should have a search made to ensure that another hasn't patented the invention.

sider the market potential of any invention before seeking a patent.⁶⁵

There are three basic kinds of patents. In descending order, based on the number granted, the types of patents are (1) utility, (2) design, and (3) plant. The utility patent is what is uniformly meant when the word "patent" is used without more, and will be so intended when "patent" is used without qualification in this article. All types allow the patentee to prevent others from making, using, or selling⁶⁶ the subject matter which is claimed in a patent for the duration of the grant.⁶⁷

A utility patent protects the inventor of a novel machine, industrial process, composition of matter, or article of manufacture.⁶⁸ Although the categories of inventions protected by utility patents overlap somewhat, and the outer limits of this patent protection have been the subject of considerable litigation,⁶⁹ relatively clear-cut examples

⁶⁵ Contrary to the popular myth, another Innovation Clinic pamphlet entitled, "Marketing Basics" (1983) relates:

In the early part of this century, the Animal Trap Company of America sold a five cent mousetrap. For years, Chester M. Woolworth, the president of the company, had tried to improve it. In 1928, he introduced a better product costing 12 cents. However, the improved mousetrap was a disaster in the marketplace, apparently because, at the new price, it was no longer disposable.

Mr. Woolworth has failed to look carefully at the way the average family used a mousetrap. The mousetrap was normally purchased by the husband who set the trap at night after the children were in bed in order to avoid accidents. In the morning, the husband hurried off to work leaving the dead mouse in the trap. The housewife did not want a dead mouse around all day so she would pick up the trap and dispose of the mouse and the trap.

Unfortunately for Mr. Woolworth, the new trap looked too expensive to throw away. So, the wife was forced to remove the mouse and clean the trap. Obviously, the average housewife felt much happier with the old five cent trap which could be thrown away. While the husband might buy the improved trap, the wife did not want it to be used. Thus, sales of the improved mousetrap were very, very low. *Venture Capital 12* (Management Institute, Boston College, 2d ed., 1973).

⁶⁶ Section 271. Indeed, "induced" and "contributory" infringement are covered; *see, e.g., Dawson Chemical Co. v. Rohm and Haas Co.*, 448 U.S. 176 (1980). *See also* note 62, *supra*.

⁶⁷ The respective durations are 17, 14, and 17 years; §§154, 161, and 173. *See also, e.g.,* §156 providing limited extension of utility patents to compensate for regulatory delay involved in premarket approval of drugs and related products [§156(f)].

⁶⁸ Section 101.

⁶⁹ *E.g., Diamond v. Diehr*, 450 U.S. 175 (1981).

of the above classes of utility patents suffice for purposes of this brief study. The examples are respectively: a motor, a process of tempering steel, nylon, and a toothbrush. In contrast with utility patents, design patents protect the appearance or shape rather than function, of articles of manufacture.⁷⁰ Articles that may be proper subject of design patents include soft drink bottles or chairs. The subject of plant patents⁷¹ has little to do with either of the foregoing; plant patent protection is limited to the reproduction and sale of certain novel, asexually propagated, plant species.⁷²

A. *Acquiring the Patent*

The focus of this section will be on utility patents. The procedure for acquiring all patents is similar, although the standards of eligibility for a patent may vary in material respect depending upon the type of patent sought. As mentioned above, four kinds of subject matter for utility patents are listed in the statute. Unless one can bring the subject matter of a proposed patent within one or more of the statutory categories, a patent will be properly denied.

However, an inventor should not be discouraged from consulting a patent attorney on that basis alone.⁷³ The law is in flux.⁷⁴ Moreover, a skilled patent attorney can often draft the claims so as to bring debatable subject matter clearly within the statutory categories.⁷⁵

⁷⁰ Sections 171-73.

⁷¹ Sections 161-64.

⁷² Section 163. In fact, this seems to be more a form of "copyright" than "patent." See generally part VIII, *infra*. See also the Plant Variety Protection Act, 7 U.S.C. §§2321-2583 (1983), which falls within the jurisdiction of the Department of Agriculture.

Other than dicta in *Pan-American Plant Co. v. Matsui*, 433 F.Supp. 693 (N.D. Cal. 1977), no case has been found in which it is even *suggested* that infringement of a plant patent can occur without "cloning" material obtained directly or indirectly from the plant *discovered* by the patentee. The contrary appears in *Ex parte Weiss*, 159 U.S.P.Q. 122, at 124 (P.O. Bd. App. 1967) and is supported by other citations.

⁷³ Only attorneys who have passed a special examination (or equivalent) are permitted to prosecute patent applications before the P.T.O. This may be unique. See §§31-33. See also *Arnesen v. Raymond Lee Organization*, 333 F.Supp. 116 (C.D. Cal. 1971)

⁷⁴ Note 69, *supra*.

⁷⁵ For example, a naturally occurring substance as such cannot be patented, but an essentially pure form of it could be. Also, some of the subject matter cases seem to have had more to do with the correspondence between the scope of the invention and the claims than with subject matter per se; see *O'Reilly v. Morse*, 56 U.S. 62 (1854) — also, the discussion of that case in *Appln. of Zoltan Tarczy-Hornoch*, 397 F.2d 856 (C.C.P.A. 1968).

Assuming that a party is the original inventor of subject matter proper for a utility patent, he/she must file an application.⁷⁶ Only the inventor, heirs, or assignees can file;⁷⁷ the discoverer of a lost art cannot file.⁷⁸ A patent application consists of a description of the subject matter sought to be patented (called a "specification"), with or without drawings, a fee, and an oath or declaration that the applicant is the first and the true inventor.⁷⁹

The statute requires the applicant to describe the invention in terms that will enable those skilled "in the art" to practice it after the patent has expired. Moreover, the specification must conclude with one or more "claims" (statements that define the invention with particularity). It is customary to speak of the specification as a general description, not only of the invention, but also of the prior art. Thus, the function of "the claims" is to *distinguish* that part of the specification which the applicant claims to be *his/her particular contribution* to the art.⁸⁰

The application is then filed with the PTO where it is given a filing date and an application number and is assigned to the docket of a patent examiner. Over a period of 18 months to several years, the patent examiner and the applicant's counsel will engage in intermittent correspondence concerning the merits of the subject matter *claimed* in the application.⁸¹ During this *ex parte* process,⁸² it is the obligation of a patent examiner to ensure that the application is complete, that the specification enables those skilled in the art to practice the invention, that the claims define proper subject matter of a utility

⁷⁶ Section 111.

⁷⁷ Sections 116-18. Even though the invention was "for hire," it must be filed in the inventor's name, not the assignee's. Contrast copyright, *infra*, at note 125.

With regard to joint inventors, see §262. Insofar as both have unrestricted right to practice and to assign that right, it is wise to convey all interests to a single entity. Many companies will regard nonexclusive rights as unattractive. Thus, unless all inventors can agree on an assignee, none will have an interest which is worth much.

⁷⁸ Plant patents were and will be a necessary exception until such time as genetic engineering makes it possible to "invent" them; §161. *But see* *Diamond v. Chakrabarty*, 447 U.S. 303 (1980).

⁷⁹ Sections 111-15, 41.

⁸⁰ Section 112.

⁸¹ Sections 131-33.

⁸² Section 122.

patent,⁸³ that it is useful,⁸⁴ new or novel,⁸⁵ and not obvious to those skilled in the art at the time of the invention.⁸⁶

It is in regard to the novelty requirement, especially, that the generalist may be able to avoid loss to a client. In the U.S. an invention is not novel, and is therefore unpatentable, unless an application is filed *within a year* of the time the invention is first sold, used publicly, or described in a printed publication.⁸⁷ This means that if the inventor, for example, publishes an article that describes his/her invention, there is *one year* from the date of publication in which to file a patent application; by failure to so file, the invention is no longer patentable.⁸⁸

If the application meets the statutory requirements to the satisfaction of the patent examiner, the application is prepared for issue upon the payment of a fee.⁸⁹ An application may be drawn, however, into an *inter partes* contest called an "interference" at the time it is prepared for issuance. Because only one patent may issue for a single invention, interference proceedings are used to determine who is the *first* inventor.⁹⁰

In anticipation of interferences, too, proper, early counseling by a generalist may prove to be of immense value. It is important to have a *believable* record of what the inventor did — and *when* he/she did it — to use as evidence in an interference proceeding. As soon as the lawyer becomes aware of a client's innovative activity, he/she should suggest that third-parties be asked to witness, in writing, that they have read and understood the invention.⁹¹ Fortunately, however, few applications get drawn into interferences.

Should the patent attorney be unable to convince the patent examiner of the merits of the application (or in the rare case, be unable to prevail in an interference), the applicant may abandon the applica-

⁸³ Notes 68, 69, 73-75, and discussion, *supra*.

⁸⁴ Section 101.

⁸⁵ Section 102.

⁸⁶ Section 103.

⁸⁷ In many countries there is *no* such grace period. See, e.g., Dickson, *A Push for European Patent Reform*, 227 *SCIENCE* 926 (1985).

⁸⁸ The PTO has a "Document Disclosure Program." As discussed in a brochure explaining the program (available from Commissioners of Patents, Wash., DC 20331), that is not a foolproof way to establish priority of invention, and is of no use whatsoever in avoiding the §102 bar.

⁸⁹ Sections 151-53, 44.

⁹⁰ Section 135.

⁹¹ See note 88, *supra*.

tion, refile it, or initiate a series of appeals within the PTO⁹² and ultimately to the Court of Appeals for the Federal Circuit⁹³ (and in the truly rare case, seek *certiorari* to the U.S. Supreme Court).⁹⁴

B. *The Patent and the Courts*

Once a patent has issued (no rights arise before issue),⁹⁵ the patentee may discover that someone else is practicing the invention. After informal means of resolving the dispute have failed, the patentee may bring a very expensive and time-consuming infringement action in the federal courts to protect his/her interest.⁹⁶ Remedies include injunction against further infringement and recovery of up-to-three-times damages.⁹⁷

A company accused of infringement has several defenses available:⁹⁸ (1) that its acts are not within the scope of the patent claims; (2) that it is practicing the invention under a valid license (essentially a contract suit); (3) that the patentee is misusing the patent grant;⁹⁹ and (4) that one or more of the claims are invalid. The fourth, in particular, will be fatal to the claim(s) in controversy. Once they have been declared invalid, and are no longer subject to appeal, the subject matter of invalid claims is irrevocably lost into the public domain.¹⁰⁰

In spite of a legislative presumption of the validity of a patent,¹⁰¹ there have been times when some courts seemed to be far too quick to hold patents invalid. A justice of the United States Supreme Court once remarked that the only valid patent was one which that Court

⁹² *E.g.*, §§120, 134.

⁹³ Sections 141-44, 145, 146.

⁹⁴ *E.g.*, note 69, *supra*.

⁹⁵ Thus, the phrase "patent pending" is no more than a warning that a patent *may* issue. *See, e.g., Morehouse Mfg.*, note 36, *supra*. *See also* §292 which prohibits false marking.

⁹⁶ Arbitration is also a possibility; §294. *See, e.g., Field, Patent Arbitration . . .*, 24 *IDEA* 235 (1984). In fact, arbitration may also be used to resolve interferences; §135(d).

⁹⁷ *See generally* §§281-88. Also §289 provides minimum statutory damages for *design* patents.

⁹⁸ Section 282.

⁹⁹ *See generally, e.g., Lowin*, note 63, *supra*.

¹⁰⁰ Section 288. *See also* *Blonder-Tongue Laboratories v. Univ. Ill. Fdn.*, 402 U.S. 313 (1971).

¹⁰¹ Section 282.

had not yet gotten its hands on.¹⁰² Patentees did not fare well either in the Supreme Court or in several of the circuit courts of appeals.

If one assumes that only legitimately contestable patents result in litigation, patentees should have had about a 50-50 chance of success (notwithstanding the presumption of validity). In many jurisdictions, however, the patentee rarely prevailed and contested patents were routinely invalidated.¹⁰³

Moreover, in recent years the patentee seemed to have an increasingly heavy burden to overcome the defense of misuse. It is a fundamental maxim of equity that one who seeks relief must come into court with clean hands. On the basis of various antitrust theories, patentees found that their hands had to become cleaner and cleaner to recover from an admitted infringer of a valid patent. But the problems of a patentee with unclean hands do not end with a finding of misuse; one shade beyond misuse lurks possible violation of antitrust law.¹⁰⁴ As a result of such problems, some (if not *many*) patent attorneys began to have serious doubts about the value of patents¹⁰⁵ and turned to the President and Congress for relief.

¹⁰² *Junguson v. Ostby & Barton*, 335 U.S. 560, 572 (1949) (Jackson dissenting). See also Fortas, *The Patent System in Distress*, 53 J. PAT. OFF. SOC'Y. 810 (1971).

¹⁰³ See, e.g., Kitti, *Patent Validity Studies: A Survey*, 20 IDEA 55 (1979). See also LOWIN, *THE PRESUMPTION OF VALIDITY . . .* (F.P.L.C. 1979); Field and Field, *Post Hoc Evaluations . . .*, 20 IDEA 29 (1979).

¹⁰⁴ Note 99, *supra*.

¹⁰⁵ To the extent that patents serve as an incentive to invest in research and development, it is totally irrelevant whether that assessment was or was not "true" in some wholly objective sense. Thus, investors seem likely to act on the basis of what *they believe* to be the odds of recouping risk capital. So far as I have been able to determine, no one who is professionally qualified to investigate *attitudes* (psychologists, not economists) has ever investigated this problem.

Indeed, it is possible that such *perceptions* and *attitudes* could, at any given point in time, be totally out of phase with more objective assessments of the "value" of patents (or copyrights or trade secrets for that matter).

While similar efforts had failed prior to about 1980,¹⁰⁶ the situation has changed dramatically in the past few years, and a number of helpful amendments have been enacted. Moreover, the Supreme Court is also presently seen as more favorably inclined toward patents and other intellectual property.¹⁰⁷ The specifics are beyond the scope of this article, but the general effect is likely to be one of encouraging research and technological enterprise in the United States. Nevertheless, as will be discussed in Part VIII, much remains to be done.

V. COPYRIGHT¹⁰⁸

A. In General

Some of the most significant changes in intellectual property in the past ten years have occurred in the copyright law. In 1976, there was a complete replacement of the law which had previously been changed but little since 1909. Probably the most fundamental change is reflected in §301(a) which provides:

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or

¹⁰⁶ See generally, *Industrial Innovation: Joint Hearings Before the Senate Comm. on Commerce, Science and Transportation, and Select Comm. on Small Business, and House Comms. on Science and Technology, and Small Business*, 96th Cong., 1st Sess., Parts 1 and 2 (1979). The opening statements in Part 1 are of particular interest.

As part of a lively exchange in the hearings, Dr. Press stated: "For twenty-five years the question of innovation and Americans' ability to innovate has been . . . around; it's been studied to death"; *id.* (Part 1), at 40. Unfortunately, this suggests more than is the case. While a great deal of data has been collected, its meaning is far from clear; see, e.g., KITTI and TROZZO, *THE EFFECTS OF PATENT AND ANTITRUST LAWS . . . ON INNOVATION* (Inst. for Defense Analyses, 1976). Also, whatever meaning can be extracted from a particular study, the collection of data is often sufficiently circumscribed that generalization may be difficult — if not impossible; see, e.g., Tewksbury *et al.*, *Measuring the Societal Benefits of Innovation*, 209 *SCIENCE* 658 (1980). At 658, the authors state: "A sample which was as representative as possible . . . would have been desirable As a practical matter . . . information . . . was so difficult to obtain that availability of data became dominant in the selection of cases."

Thus, the situation is not much different from what it was when Machlup did his study in 1958; see note 58, *supra*, at 2-5 and 19-44.

¹⁰⁷ See, e.g., Dawson, note 66, *supra*.

¹⁰⁸ Citations in this part, unless otherwise indicated, are to Title 17 of the U.S. Code (1984).

after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, *no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.* [Emphasis added.]

Prior to that, copyright was a peculiar blend of state (mostly common) law and federal statutory law. Although there had been limited opportunity to register a work under the 1909 law prior to publication, "publication" was a critical watershed. At that point, a work either qualified for federal protection or it was lost forever. Now, federal protection attaches automatically from the first "fix[ing] in a tangible medium" and the act of "publishing" is less important than it was prior to 1976.¹⁰⁹

Yet the situation, in some ways, is more complicated than ever. Consider §301(b) which provides:

Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to —

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or

(2) any cause of action arising from undertakings commenced before January 1, 1978; or

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106.

Serious issues are: What are (1) "the subject matter of copyright . . .," and (2) "rights not equivalent to [those] . . . within . . . copyright . . ."? A full treatment of those issues is well beyond the scope of the present article but some brief discussion is nevertheless warranted.

B. Subject Matter

The primary listing of subject matter is in §102(a).

Copyright protection subsists, in accordance with this title, in *original works of authorship fixed in any tangible medium of expression, now known or later developed*, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works; and
- (7) sound recordings. [Emphasis added.]

¹⁰⁹ Compare §301(a) in the text with Field, note 1, *supra*; W.V. L. REV. at 531, 537; P.E.A. L. Q. at 307-8, 314-5.

However, there are some very important provisions in fairly obscure places. For example, that computer programs are implicitly included is clear only from a reading of §117 (which was amended to that end in 1980).¹¹⁰ Also, §101, which contains a host of definitions (in alphabetic order), merits close examination. That section provides, for example, the following definitions which are critical to an understanding of §102(a)(5).

“Pictorial, graphic, and sculptural works” include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, technical drawings, diagrams, and models. Such works *shall include works of artistic craftsmanship* insofar as their form *but not their mechanical or utilitarian aspects* are concerned; the design of a *useful article*, as defined in this section, *shall be considered* a pictorial, graphic, or sculptural work *only if*, and only to the extent that, such design incorporates pictorial, graphic, or sculptural *features* that can be identified separately from, and *are capable of existing independently of*, the *utilitarian aspects* of the article. [Emphasis added.]

A “useful article” is an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article that is normally a part of a useful article is considered a “useful article”.

In addition to attending to the “useful”/useless(?) dichotomy which attempts to define the subject matter split between design patent and copyright,¹¹¹ one also needs to pay careful attention to §102(b).

In no case does copyright protection or an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

That section is attempting to exclude not only the subject matter of utility patents, but also, *e.g.*, that of trade secrets which will be discussed below.¹¹² Thus, in the absence of a patent covering contested

¹¹⁰ See, *e.g.*, *Apple Computer v. Franklin Computer Corp.*, 714 F.2d 1240 (3d Cir. 1983); *Apple Computer v. Formula International*, 725 F.2d 521 (9th Cir. 1984).

¹¹¹ But see *Mazer v. Stein*, 347 U.S. 201 (1954).

¹¹² However, the Copyright Office is muddying the water; see, *e.g.*, *Marsteller and Tucker, Copyrighting Trade Secrets . . .*, 25 *IDEA* 211 (1985). See at 218-22, especially the discussion of 37 C.F.R. §202.20, at 219-20.

It also excludes subject matter not otherwise protected. It is extremely doubtful, for example, that a new method of testing for a psychological characteristic is patentable subject matter. What, then, would a copyright on a questionnaire designed to that end cover? See *Baker v. Selden*, 101 U.S. 99 (1879); also *e.g.*, *Morrissey v. Proctor & Gamble Co.*, 379 F.2d 675 (1st Cir. 1967). Keep in mind that any modification in the wording of the instrument could have a large effect on its “validity” (utility). See, *e.g.*, *Field and Field*, note 103, *supra*, at 47-52.

subject matter, one is likely to encounter §102(b) in conjunction with §301(b) in trying to determine whether federal copyright or the state law regarding, *e.g.*, trade secrets, governs a particular controversy.¹¹³ However, before further pursuing that topic, it will be useful to consider other matters.

C. Obtaining Protection

It is implicit in §102(a), *supra*, that no act other than “fixing” is necessary to have copyright protection. Yet other acts are necessary to be fully able to *exploit* that protection. The most critical is providing notice of a claim of copyright at the time a work is “published.” Prior to 1976, such omission was fatal. Since 1976, it is not necessarily fatal, but failure to provide notice as described in §§401-4 is foolish.¹¹⁴ Moreover, one should not be concerned about the meaning of the word “published”: when in doubt, insert the proper notice. No harm results from notice on works that prove to have been “unpublished.”

If copyright is obtained by “fixing” and is retained by attaching notice, *e.g.*, to multiple copies or public displays of a work, what does the Copyright Office do? Doesn’t it *examine* applications for copyright? Nothing could be more dangerous than that last notion. The Copyright Office, a branch of the Library of Congress,¹¹⁵ is a registry much like that which records deeds in local government. The chief officer of the agency is called the Register of Copyrights.¹¹⁶ Although the statute uses the word “examination” in §410(a), and the Office sometimes rejects an application because of improper subject matter,¹¹⁷ for the most part, its function is purely ministerial. While every generalization has its exceptions, it is accurate to say that the Copyright Office’s function is primarily limited to the following: (1) Collecting books for the Library of Congress (in most cases, one or more samples of the work to be registered must accompany the

¹¹³ However, to have a conflict the subject matter has to be something which can be kept secret, a serious problem for subject matter such as that in note 112, *supra*. Compare *Schuchart & Assoc., Prof. Engineers v. Solo Serve Corp.*, 540 F.Supp. 928 (W.D. Tx. 1982). See also note 149 and discussion, *infra*.

¹¹⁴ See §405. Compare §405(a)(2) with §408(a)!

¹¹⁵ Section 701.

¹¹⁶ Although apparently a part of the *legislative* branch, The Register reports to the Librarian of Congress who is appointed by the President. See §702; also 2 U.S.C. §136 (1985).

¹¹⁷ See, *e.g.*, *Esquire v. Ringer*, 591 F.2d 796 (D.C. Cir. 1978).

registration form);¹¹⁸ (2) Collecting the registration fee,¹¹⁹ and (3) Issuing and recording certificates of registration and assignments.¹²⁰

There is no time limit within which the registrant must send copies of the work,¹²¹ the registration form, and fee to the Copyright Office. The registration certificate is, however, the copyright proprietor's ticket into court in the event of alleged infringement.¹²² Also, while §408(a) indicates that registration is "permissive," §412, in a trap for the unwary, limits the remedies available for pre-registration infringements.

D. Duration of Protection

For living authors, who do not publish anonymously or under a pseudonym, copyright endures until 50 years after the death of the last survivor (if more than one author).¹²³ If the work is made "for hire,"¹²⁴ e.g., a dictionary where a corporation could be regarded as the "author,"¹²⁷ the term as set forth in §301(e) is 75 years from the date of publication or 100 years from creation, whichever is shorter.¹²⁶

It also merits noting here that if an author transfers copyright in a work, that author (or successors) has the option, under §203, of termination 35 years from the date of the transfer of interest. This means that if an author sells a work early in a career for a low price, there is an opportunity to reconvey for a higher price should the work endure or become more valuable over time. Also, the option to terminate is inalienable under §203(a)(5).¹²⁷

E. Infringement

The exclusive rights in copyrighted works are set forth in §106. Not only do they include the right to copy and sell (or lease), but also, for

¹¹⁸ In some cases "deposit" may be obligatory even though "registration" is not; see §407.

¹¹⁹ Section 708 (\$10.00).

¹²⁰ Sections 204, 410.

¹²¹ But see §§407(d), 405(a)(2).

¹²² Section 411.

¹²³ Sections 302-4. If more than one author, see note 77, *supra*; §201(a).

¹²⁴ See §101 ("work made for hire").

¹²⁵ See §201(b). Compare note 77 and discussion, *supra*.

¹²⁶ Section 302(c).

¹²⁷ If more than one author, see §203(a)(1).

certain kinds of works, the right to perform¹²⁸ or display the work publicly.¹²⁹

Remedies for infringing those rights include injunction, impounding (and destroying or otherwise disposing of) infringing copies, costs and attorneys' fees, damages and profits, and statutory minimum damages.¹³⁰ In addition, the statute provides for criminal sanctions against those who infringe willfully and for gain.¹³¹

A certificate of registration issued before or within five years after publication of a work constitutes "prima facie evidence of the validity of the copyright and of the facts stated in the certificate."¹³² While this may seem more open to challenge than a patent, a copyright is not likely to be invalidated. Mere subjective novelty is all that is required to sustain a copyright if the subject matter is appropriate. This means that any number of valid copyrights could exist in essentially indistinguishable works (*e.g.*, photographs of the same tree, taken from the same angle), each in a different "author." So long as none of those were copies of a prior work or derived from a prior work (*e.g.*, a film based on a novel), rights in each would be separately enforceable by the respective authors.¹³³

Thus, the focus of copyright litigation is more likely to be on whether infringement has occurred. There are a number of ways in which a defense could be framed, *e.g.*, that (1) the allegedly infringing work was not a copy of nor improperly derived from the other,¹³⁴ (2) the work may have been, at some level, inspired by the first, but it is not sufficiently similar to be regarded as infringing,¹³⁵ or (3) the use made of the earlier work was proper.

The third category of defenses can be further subdivided, *e.g.*, that the use was (1) not one forbidden by §106,¹³⁶ (2) one permitted by

¹²⁸ For those works to which it applies, the right is closely akin to that under a patent and is somewhat inconsistent with §102(b) (*see text supra*, at note 111).

¹²⁹ *See* §101 ("perform or display . . .").

¹³⁰ *See generally* §§501-10.

¹³¹ Section 506.

¹³² Section 410(c).

¹³³ *See* §102(b); *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903); *compare, e.g.*, *Gross v. Seligman*, 212 F. 930 (2d Cir. 1914); *Dallas Cowboys Cheerleaders v. Scoreboard Posters*, 600 F.2d 1184 (5th Cir. 1979) — *but see* at 1188.

¹³⁴ *Id.*

¹³⁵ *E.g.*, *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d 904 (ed Cir. 1975), *cert. denied*, 423 U.S. 863; *Ideal Toy Corp. v. Sayco Doll Corp.*, 302 F.2d 623 (2d Cir. 1962).

¹³⁶ *See, e.g.*, *Baker v. Selden*, note 112, *supra*.

§102(b),¹³⁷ or (3) one permitted by “fair use” as defined in §§107-117. The latter two are most likely to cause trouble for a newcomer to copyright law.

The §102(b) defense is essentially a subject matter defense. Insofar as copyrights do not involve precise subject matter claims as patents do, there will be problems (so long as subject matter is restricted) to be first addressed in the courts. Thus, it will be up to the courts to decide that a bridge does not infringe a drawing of a bridge,¹³⁸ whereas a doll infringes a drawing of a doll¹³⁹ — or that a directory which is identical to another does not infringe (so long as the author of the second directory went to the trouble of independently collecting the information),¹⁴⁰ whereas a motion picture which is only substantially similar to a play infringes the play!¹⁴¹

An even more common problem is posed by “fair use.” That doctrine, originally evolved by the courts, presently appears in its most generic form in §107.¹⁴² It applies when there is no doubt that use of a work would be an infringement but for the fair use doctrine.¹⁴³ In essence, that doctrine permits one to use another’s work in circumstances where the amount of copying and the purpose of the copying are such as to cause little likelihood of injury to the owner and are justified on policy grounds. Were it not for the fair use doctrine, a critic or a scholar could never quote a copyrighted work without permission or without incurring the risk of paying, *e.g.*, costs, attorneys’ fees, and/or statutory damages.¹⁴⁴ The existence of those sanctions probably accounts for “fair use” being close to unique as a defense to private use of someone else’s property.

¹³⁷ *Id.*; see also note 133, *supra*.

¹³⁸ *Muller v. Triborough Bridge Authority*, 43 F.Supp. 298 (S.D. N.Y. 1942).

¹³⁹ See, *e.g.*, *Fleischer Studios v. Freundlich*, 73 F.2d 276, 278 (2d Cir. 1934).

¹⁴⁰ *Compare Schroeder v. William Morrow and Co.*, 566 F.2d 3 (7th Cir. 1977).

¹⁴¹ *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2d Cir. 1936), *cert. denied*, 298 U.S. 669 (1936).

¹⁴² See also §§108-117.

¹⁴³ *Compare Dallas Cowboys Cheerleaders*, note 133, *supra*.

¹⁴⁴ Notes 130, 131 and discussion, *supra*.

VI. TRADE SECRETS

Trade secret law, in terms of subject matter, overlaps that of both patents¹⁴⁵ and copyrights.¹⁴⁶ This body of state law prevents the use of know-how or other business information which is not generally known to competitors. Unlike patents and copyrights which have a constitutionally mandated terminus,¹⁴⁷ trade secrets have a potentially perpetual duration.¹⁴⁸

The theoretical duration, however, is undercut by the nature of the protection afforded to trade secrets. A peculiar blend of contract and tort, trade secret law does not prevent another from obtaining the same information by independent effort. Indeed, for reasons which have been articulated as founded on federal preemption and which go to the heart of antitrust law, a competitor is free to "reverse engineer" or otherwise duplicate any product found in the marketplace — so long as it is not protected by a patent or copyright.¹⁴⁹

Thus, one may obtain another's trade secret by any means short of otherwise criminal or tortious conduct.¹⁵⁰ In one case, a person photographing a plant under construction from an airplane (and not a trespasser) was found to have engaged in "improper conduct." However, the case is an anomaly unless it is regarded as implicitly creating a corporate right of privacy!¹⁵¹

The "contract" part of trade secret (and related) law arises in several ways. Sometimes this is closely intertwined with a question of

¹⁴⁵ See generally *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974).

¹⁴⁶ E.g., a sales directory could be kept secret and used only for internal purposes or could be reproduced for sale to others. *But see* Marsteller and Tucker, note 112, *supra*.

¹⁴⁷ Note 60, *supra*.

¹⁴⁸ That trade secret protection is therefore unconstitutional was rejected in *Kewanee*, note 145, *supra*.

¹⁴⁹ The most famous case to the contrary is *International News Service v. Associated Press*, 248 U.S. 215 (1918). *But see, e.g.*, 122 CONG. REC. S.2042-43 (Feb. 19, 1976) (letter from Dept. Justice) and H.10910 (Sept. 22, 1976) (stmt. of Rep. Seiberling). *Citing, e.g.*, *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, and its companion, *Compco Corp. v. Day-Brite Lighting*, 376 U.S. 234 (1964), D.O.J. urged that the language which is now 17 U.S.C. §301(b)(3) be amended to avoid reinstating the "misappropriation" doctrine as defined by *International News*, *supra*. The section now reads as suggested by the Department.

¹⁵⁰ Trade secret law emphasizes *how* information is obtained not *that* it is obtained; see, e.g., *Tabor v. Hoffman*, 119 N.Y. 30, 23 N.E. 12 (1889). See also *Kewanee*, note 148, *supra*.

¹⁵¹ *E.I. duPont de Nemours & Co. v. Christopher*, 431 F.2d 1012 (5th Cir. 1970), *cert. denied*, 400 U.S. 1024 (1971). Compare note 149, *supra*.

whether there is, in fact, a trade secret. Some of the most difficult problems arise when an employee changes jobs. First, there is a question of whether the employee had a contract expressed or implied (in fact or law) not to use or divulge information obtained during the course of his/her employment. Second, there is a question of whether that information is, on the one hand, a trade secret or, on the other, mere job skill.¹⁵² Any attempt to avoid the second question by use of an employee covenant not to compete (or to go to work for a competitor) is extremely risky. If the conditions are unreasonable¹⁵³ or in excess of statutory maxima,¹⁵⁴ the contract will be unenforceable. Similar kinds of problems can also arise when a business is sold or when two companies are dealing in other ways.¹⁵⁵

Another kind of problem arises when an outsider submits material to a commercial enterprise for possible purchase. These are not technically "trade secret" cases insofar as the usually accepted definition contemplates that a "trade secret" has current or prior commercial use — not only *potential* value.¹⁵⁶

The law in this area is difficult to understand unless one approaches it from a contract standpoint. One thing to consider is the custom in the trade. Another is the status of the person supplying the information. If the latter is a professional and the custom is to accept and pay for the use of "unsolicited" information, there is likely to be a contract implied in fact to pay if it is used — and regardless of whether others might also have the same information.¹⁵⁷ In contrast, if the outsider is an "amateur" (and there is no established trade practice upon which he/she can arguably have relied), that person may be found to have been a "volunteer" or to have submitted an idea which is either obvious or sufficiently abstract as to have no value.¹⁵⁸

An attorney who has the opportunity to intervene should attempt to have the proposed recipient of information sign a confidential non-

¹⁵² An especially interesting factual and procedural situation is presented in *American Can Co. v. Mansukhani*, 742 F.2d 314 (7th Cir. 1984). See, e.g., at 329.

¹⁵³ See, e.g., *Reed, Roberts Assoc. v. Strauman*, 40 N.Y.2d 303, 307; 353 N.E.2d 590, 593 (1976).

¹⁵⁴ See, e.g., *NCH Corp. v. Broyles*, 749 F.2d 247, 251 (fn. 5) (5th Cir. 1985).

¹⁵⁵ E.g., *Kewanee*, note 145, *supra*.

¹⁵⁶ RESTATEMENT OF TORTS, §757 (1939). See also *id.*, §759.

¹⁵⁷ See, e.g., *Chander v. Roach*, 156 Cal. App. 2d 435, 440-42, 319 P.2d 776, 780 (1957).

¹⁵⁸ Compare *Liggett & Myer Tobacco Co. v. Meyer*, 101 Ind. App. 420, 194 N.E. 206 (1936) with, e.g., *Downey v. General Foods*, 31 N.Y.2d 56, 286 N.E.2d 257 (1972). It is also interesting to contrast the latter with the decision it reversed: 37 App. Div. 2d 250, 223 N.Y.S. 2d 874 (1971).

disclosure agreement. In essence, it would provide that the person to whom the information is to be supplied agrees, in consideration of the opportunity to evaluate it, (1) not to use it without compensation (later to be negotiated), and (2) not to disclose it.

However, do not be surprised if this offer is rejected. Companies do not want (1) to have extraordinary duties to avoid the information's getting into the wrong hands, or (2) to have to pay for information they already have. Equally important, they may already have hundreds of product ideas (generated within the company) which, for one reason or another, they are unable to use.¹⁵⁹

VII. WEIGHING OPTIONS

There is a rich variety of options for protecting new works from free riders — or even independent originators. In approaching any given work, one must be careful to identify and weigh all of them. Moreover, one needs to be alert to the possibility of forfeiting one option when others are pursued. Consider the following hypothetical:

About a year ago, a rural Yankee craftsman took a trip to Big City. While there, he saw something called a "sound sculpture" on display. From the outside, it looked like an elongated box with two round holes. It was accompanied by a heavy metal ball. When the holes were properly oriented and the ball was dropped into the upper one, it would roll through a complex interior pathway, making various kinds of noises before exiting at the other hole.

¹⁵⁹ See generally Hawkins and Udell, *Corporate Caution and Unsolicited New Product Ideas*, 58 J.P.O.S. 375 (1976). Moreover, one should be leery of invention promotion companies. See, e.g., Onanian, *Invention Promoters*, *Invention Management*, May 1979. At p. 3 of an issue devoted solely to the topic, Mr. Onanian writes:

The inventor generally might undertake to promote his own invention in whatever manner he can and to whatever degree of effectiveness. After an unbusinesslike solicitation effort to various companies, resulting in total rejections, he understandably looks for outside help only to find there is little or none available at this particular juncture. Thus, somewhat disillusioned and perhaps embittered, it is no wonder that the typical amateur inventor is eventually driven into the waiting arms of the invention promoter. In an indifferent world, the IP tells the inventor exactly what he has been searching in vain to hear — the promise of success in terms that for the first time he can directly relate to. The IP preys on the inventor's intense ambition by offering him the one thing he must have to sustain himself — *hope*. And hope, in the final analysis, is what the IP is selling.

Of course, some of the firms are honest and competent, but one needs to be extremely cautious because many are not. See, e.g., *Arnesen*, note 73, *supra*.

As a cabinetmaker and an amateur musician, the hypothetical craftsman was intrigued. Returning home, he began to experiment with various kinds of balls, path configurations, surfaces, etc. Soon he had made several which were attractive both to see and hear. Also, he used glass for one of the sides — so that the ball could be observed as it made its trip through the box. Finally, he hinged several segments of the pathway, and, through the use of exterior knobs and levers, made it possible to rearrange the interior to get different sound effects.

In every one of them, just before the exit, the ball would pass five metal pegs which produced a five-note sequence. Also, in every box, the five-note sequence was the same. The craftsman has begun to display them at fairs, but he has refused to sell any. He is calling them "B# Sound Sculptures." Because a great many people have shown a great deal of interest, he has decided to seek legal counsel.

How should he be advised? In this seemingly simple situation lurks the potential for exercising almost every option heretofore discussed.

A. *The Need for Urgency*

The first thing that should occur to a lawyer is whether public display of the work may compromise existing or potential rights under the patent or copyright law.

Arguments could be made that public display (or even sale) of unique works without notice has not compromised any copyright interest, but henceforth, notice should be provided. Also, registration should be prompt.¹⁶⁰ Second, arguments could be made that any display of the work which falls short of teaching others how to practice whatever "inventions" may be present would not be a bar to a utility patent. Yet, it would be foolish not to file, if at all, within a year.¹⁶¹ Finally, it seems likely that the display *alone* is adequate to bar a design patent if the application is filed more than a year after the first occurrence.¹⁶² Thus, an appraisal of options is a matter of some urgency.

B. *Trademarks*

There are at least two possibilities: "B#" ¹⁶³ and the five-note sequence.¹⁶⁴ However, the term "sound sculpture," presents a problem. If there is more than one other source of such things (and that is what they are consistently called), the term is surely generic. It

¹⁶⁰ Note 114 and discussion, *supra*.

¹⁶¹ Notes 87, 88 and discussion, *supra*.

¹⁶² *Id.*; also 35 U.S.C. §171. A mere display of a design seems more than adequate for another to duplicate it.

¹⁶³ Assuming that all of the "music" is not in the key of C (B#). See note 22 and discussion, *supra*.

¹⁶⁴ See 1 MC CARTHY, note 6, *supra*, at 279.

seems about as descriptive as one can get, but a search of registers is nevertheless in order.¹⁶⁵ Also, of course, a search is needed to see whether "B#" or the note sequence has been registered or is being used on similar goods.¹⁶⁶

Assuming that a search clears the marks, prompt federal registration should follow a realistic appraisal of the market and the first opportunity for a sale of the goods across state lines.¹⁶⁷

C. Trade Secrets

Unless there are unobvious tricks involved in making the works, trade secrets, in the strictest sense, are not much of an option. Even if one cannot figure out all of the details of making the sound sculptures from a casual examination, as soon as they are sold, any purchaser will be able to take the thing apart and reproduce it.¹⁶⁸

If the craftsman plans to try to sell his rights in the sculptures rather than manufacture them himself, caution is nevertheless in order. He should not discuss the way he makes them nor show any patterns, etc., prior to getting a nondisclosure agreement from a potential commercial exploiter.¹⁶⁹ Indeed, should he remain an entrepreneur, merely farming out the manufacture of the product, he should have noncompetition agreements to cover (reasonably) any know-how or patterns made available to others.¹⁷⁰

D. Copyright

Within this broad category, the options are rich and not at all straightforwardly pursued. Possibilities include (1) the patterns for making the sound sculptures, (2) the sculptures as such, and (3) the "music" they generate.

As soon as the craftsman created them, the patterns were covered by copyright.¹⁷¹ Thus, he could recover from others who engage in unauthorized copying. However, unless he intends to make his money from "do-it-yourselfers," he would be foolish to publish the patterns or to register them unless the sound sculptures themselves are copyrightable, it seems that others would be free to use the patterns to

¹⁶⁵ See *Park 'N Fly*, note 54, *supra*. Also, one should pay attention to the way the term has been used by the prior artist.

¹⁶⁶ Note 27 and discussion, *supra*.

¹⁶⁷ Notes 37, 38 and discussion, *supra*.

¹⁶⁸ Notes 149-52 and discussion, *supra*.

¹⁶⁹ But see note 159 and discussion, *supra*.

¹⁷⁰ Note 155, *supra*.

¹⁷¹ Note 109 and discussion, *supra*.

make the sculptures — and registration would provide public access to those patterns.¹⁷²

Whether the “sculptures” themselves are legitimate copyright subject matter is far from clear. The question, of course, is whether they are “useful,” and the answer is likely to emerge only in litigation. Should the Copyright Office be inclined to register them, that would be helpful, but there would be ample basis for an infringer to challenge the registration and/or its scope. How would one go about distinguishing these works from other mechanical devices for producing music? Consider, *e.g.*, player pianos.¹⁷³

Finally, the “music,” *per se*, is even more perplexing. Insofar as the music would be difficult to impossible to score, perhaps it could be protected under the somewhat restrictive provisions applicable to “sound recordings.”¹⁷⁴ Again, clear answers would require litigation.

E. *Design Patent*

To the extent that the sound sculptures discussed in the hypothetical are *unobvious* variations on the ones which inspired them or each other, they would also qualify for a 14-year design patent. They clearly fit the subject matter definition (“new, original and *ornamental* design for an article of manufacture”) otherwise. However, this protection would be much shorter in duration, much more expensive and time-consuming to obtain, and much more difficult to enforce. While design protection *does* afford relief against independent originators of the protected subject matter, in this case, that benefit would hardly seem worth the cost and risk if copyright covers the same subject matter.¹⁷⁵

F. *Utility Patent*

There is a wide range of potential subject matter for utility patent. The sound sculpture, *per se*, would qualify as an “article of manufacture” or “machine.”¹⁷⁶ However, claims would have to be narrowly drawn to exclude what is already in the public domain. At the broadest level, the variability of the pathways is a potentially patentable improvement over nonvariable sound sculptures. At the narrowest level, there is potential for various novel hinges and other mechanical means to accomplish that end. The most likely problem

¹⁷² Compare note 138 with 139, *supra*.

¹⁷³ Note 111 and discussion, *supra*; *Esquire*, note 117, *supra*; also 17 U.S.C. §113.

¹⁷⁴ Compare 17 U.S.C. §114 with §115.

¹⁷⁵ See, *e.g.*, *Ideal Toy*, note 135, *supra*, at 626-7 (Clark, dissenting).

¹⁷⁶ Notes 68-70, 73-75, and discussion, *supra*.

would be to demonstrate that any of that subject matter would not be obvious to persons having ordinary skill with regard to such things.¹⁷⁷ As with design patents, it is doubtful that the market potential would warrant the expense to obtain protection beyond what is available under copyright — or the even weaker “protection” of the kind afforded against source and other misrepresentations.¹⁷⁸

G. The Bottom Line

Thus, we see that, notwithstanding valiant efforts to cover all “works of authorship . . . now or later developed,”¹⁷⁹ the copyright law has some flaws. Moreover, the patent statutes and trade secret law do not cost-effectively meet the needs of the craftsman or of others who may have vastly more at stake. In the last section of this paper, I will argue that the distinction between various kinds of intellectual property should rest on something other than subject matter per se.

VIII. CONCLUSION — A PROPOSAL FOR RECONCILING THE OPTIONS¹⁸⁰

Several of the more interesting and significant intellectual property cases have addressed conflicts between two or more species of it or the scope of subject matter covered by any one of them.¹⁸¹ Often the first issue is an implicit consideration in dealing with the second.¹⁸²

Trademark and related law aside,¹⁸³ there are two basic devices for permitting the recoument of risk capital. One of those can be called

¹⁷⁷ Notes 86, 103, and discussion, *supra*.

¹⁷⁸ See generally part III. A., *supra*.

¹⁷⁹ 17 U.S.C. §102(a) (appears in its entirety in the text above note 110, *supra*).

¹⁸⁰ This part is, in large measure, based on an unpublished manuscript entitled, “Industrial Property Needs in the 1990s and Beyond” (1980). I am grateful to the Dept. Commerce, Office of Strategy and Evaluation, for support, and to Arthur A. Cerullo and Gary R. Molnar for able assistance in getting to the heart of the problem. Messrs. Cerullo and Molnar are now in practice.

¹⁸¹ *Mazer*, note 111, *supra* (copyright v. design patent); *Sears and Compco*, note 149, *supra* (trademark related unfair competition v. design and utility patents); *Kewanee*, note 145, *supra* (utility patents v. trade secrets). The situation may be getting worse; see note 112, *supra*.

¹⁸² *Baker*, note 112, *supra*; *International News*, note 149, *supra*; *Kellogg*, note 24, *supra*; *Muller*, note 138, *supra*; *Leblanc*, note 33, *supra*; *Esquire*, note 117, *supra*; *D.C. Comics*, note 33, *supra*; *Chakrabarty*, note 78, *supra*; *Apple v. Franklin*, note 110, *supra*. In fact, it is difficult to separate these cases from the ones in note 181, *supra*.

¹⁸³ See generally part III. A., *supra*.

"patent," the other "copyright." There are minor inconsistencies in the present system, but, basically, a "patent" can be defined as a device which provides a *total* right to exclude to those who hold it.¹⁸⁴ In contrast, a "copyright" can be defined as a device for a limited exclusion of "free riders."¹⁸⁵ So defined, the latter includes trade secrets as well.¹⁸⁶ Were it not for the restrictive subject matter categories of copyright, it is probable that trade secret protection would, for the most part, be unnecessary.¹⁸⁷ The exceptional circumstances are those in which free riders can use information without the owner being aware. Under such circumstances, neither the present copyright nor the present patent statute meets the need.¹⁸⁸

A. *The Present Patent/Trade Secret System is Unfair*

The stringent requirements for getting and the difficulties in enforcing¹⁸⁹ patents are warranted by a patentee's ability to exclude

¹⁸⁴ See, e.g., note 90 and discussion, *supra*.

¹⁸⁵ See, e.g., note 112, *supra*.

¹⁸⁶ See, e.g., notes 149, 150 and discussion, *supra*.

¹⁸⁷ See, e.g., note, 112, *supra*.

This is likewise the situation with design patents. Compare, for example, Wallace, *Design Patent Protection in the United Kingdom*, in JEHORAM (ed.), DESIGN PROTECTION, 39 (Pub. by Ed., Amsterdam, 1975). Throughout, the author discusses, e.g., "examination" versus "registration" systems. However, subject matter per se should *not* be the watershed. Rather it should be whether one is precluded from using one's *own* work. Only when one is precluded from using the fruit of one's own labor should an examination system be in force.

¹⁸⁸ A process of making a product is impossible to reverse engineer. Moreover, if there is more than one process for making a given product, there is no way for one having a patent on such a process to determine whether it is being infringed. Worse, if the inventor of such a process chooses to rely on trade secrets to avoid giving the invention away, there is a serious risk of his/her being excluded from the market by a subsequent inventor of the same process — should the second inventor choose to get a patent. See *W.L. Gore & Assoc. v. Garlock*, 721 F.2d 1540, 1549-50 (Fed. Cir. 1983). See also Leuzzi, *Process Inventions: Trade Secret or Patent Protection*, 66 J.P.O.S. 159 (1985).

Finally, even where the inventor chooses not to get a marginally enforceable utility patent on a process, competitors will catch on quite quickly to the fact that there is a solution to a problem. This, of course, is a great advantage to someone trying to decide whether or not to undertake research.

¹⁸⁹ E.g., because a patent claim will be invalidated by undiscovered prior art irrespective of the effort that went into trying to identify it. Notwithstanding *Gore*, note 188, *supra*, there is some possibility that a patent filed on an invention previously practiced by another in secret will be invalid. See, e.g., *Dunlop Holding Ltd. v. Ram Golf Corp.*, 524 F.2d 33 (7th Cir. 1975), *cert. denied*, 424 U.S. 958 (1976).

all comers from practicing the invention.¹⁹⁰ In several instances, the price which is paid for that exclusivity is too high, and the exclusivity may be short-lived.

Consider, for example, a situation in which several major firms in an industry face the same problem. Each is highly motivated to invest in a solution. If, in fact, each invests considerable capital to arrive at about the same point at about the same time, only one will be free to practice the invention if any one of them gets a patent. Even if several apply for patents, only one will get the prize, and the others will lose their investment.¹⁹¹ Attempts to avoid that result by one or more applicants agreeing to recognize another's priority of invention (in return for a license) are full of antitrust and other pitfalls.¹⁹² The alternative is for the loser(s) to challenge the validity of the patent. Needless to say, the loser of an interference is uniquely qualified to succeed.¹⁹³ Moreover, if that happens, the field is open to free riders.¹⁹⁴

Second, consider the situation confronted by people such as the craftsman in the prior hypothetical. If the invention is purely mechanical, copyright under the present system is unavailable. Also, it is likely that it will be easily reverse engineered, and trade secret will be of no use. As discussed at length by another writer, that situation leads to large numbers of utility patent applications for rather trivial inventions.¹⁹⁵ Some of these issue as patents if the claims have

¹⁹⁰ Irrespective of the outcome of the scenario discussed in notes 188 and 189, a patent faces certain invalidity if it covers a *product* sold by another for more than a year prior to its filing date. See, e.g., *Dunlop*, note 189, *supra*.

¹⁹¹ It has been foolishly suggested that the frequency with which inventions are simultaneously made by two or more independent inventors indicates that we do not need a patent system to encourage invention; see, e.g., Machlup, note 58, *supra*, at 7 (fn. 36). This is equivalent to suggesting that three people reaching for a twenty dollar bill lost on a sidewalk would reach even if it were not there!

¹⁹² See, e.g., *Moog v. Pegasus Laboratories*, 521 F.2d 501, 504 (6th Cir. 1975), *cert. denied*, 424 U.S. 968 (1976).

¹⁹³ The situation is close to (or, if an interference has been settled, is the same as) the situation where a licensee challenges the validity of a patent. Estoppel doesn't apply, and it is doubtful that a promise not to challenge *validity* would be enforceable. See *Lear v. Adkins*, 395 U.S. 653 (1969).

¹⁹⁴ A patent must tell how to practice the invention (35 U.S.C. §112), and this information is published when the patent issues (*id.* §154).

¹⁹⁵ Van Santen, *A Legislative Proposal to End Bootlegging in the Patent System*, 6 PEPPERDINE L. REV. 297 (1979). See also U.S. CONGRESS, OFFICE OF TECHNOLOGY ASSESSMENT, PATENTS AND THE COMMERCIALIZATION OF NEW TECHNOLOGY (DRAFT REPORT), 170-4 (June 21, 1982).

a sufficient number of limitations. While any given limitation may be obvious, it can be impossible for an examiner to show that all of them taken together are obvious. Notwithstanding that a competitor must copy quite closely to infringe such a patent, the Supreme Court has had little sympathy for the equities of the parties and has tended to find the claimed subject matter obvious.¹⁹⁶

As a final example, consider that varying amounts of money can be spent in prosecuting any given patent application. In the *best* of circumstances, the amount will be based on the projected market value of the invention.¹⁹⁷ Should the market be underestimated, patent claims can be narrower than they might have been or prior art can go unfound and undistinguished. Would-be entrants into the market protected by a patent have an inherent advantage: they have a much better estimate of its value (in foregone income in a *present* market).¹⁹⁸

B. *Expanded Options: A Proposal*

Each of the situations discussed above could be faced by a design as well as a utility patentee. In some cases, a *design* patentee may have a copyright option.¹⁹⁹ If that option is available, it is hard to imagine why anyone would pursue the patent. While copyright does not exclude independent originators, it goes a long way toward stopping free riders. Moreover, copyright is cheap and quick to obtain (usually) and will exist for a much longer term. Finally, instead of having to show *objective* novelty (not to mention unobviousness) in lengthy and expensive examination and enforcement proceedings, mere subjective

¹⁹⁶ See, e.g., *Graham v. John Deere Co.*, 383 U.S. 1 (1966) or *Sakraida v. Ag Pro*, 425 U.S. 273 (1976). See also *VanSanten*, note 195, *supra* 299 (fns. 13, 14 and discussion).

While the Court of Appeals for the Federal Circuit may have more sympathy for such inventors than some of the circuits have heretofore tended to evidence (see, e.g., note 103, *supra*), it remains to be seen whether the Supreme Court will go along.

¹⁹⁷ In the worst of circumstances, people have a tendency to ignore such factors by protecting inventions no one wants. See, e.g., notes 64 and 65, *supra*; Onanian, note 159, *supra*.

¹⁹⁸ Therefore, they may be able to afford to spend more time and money to dig up foreign publications; 35 U.S.C. §102(a) — or evidence of prior sale such as discussed in note 190, *supra*.

¹⁹⁹ *Mazer*, note 111, *supra*.

novelty is all that is required to uphold the validity of a copyright!²⁰⁰

Why should inventors who improve the function and appearance of "useful" things be denied a similar option? In the absence of such an option, of course, it is impossible to know how often it would be exercised. However, it is difficult to continue to deny reliable and cheap protection from free riders on the basis of confusing and arbitrary subject matter distinctions alone.

At least for some areas of technology, the availability of such an option would go further toward spurring innovation than any of the improvements which have been made or suggested for the present patent system. Moreover, it might well eliminate perplexing conflicts which so often occupy the time of the intellectual property bar to no useful end — as well as a number of patents that should never have issued.²⁰¹ It is indeed time for a fresh look at the entire area. In the absence of such an approach, we are likely to continue to see various kinds of stop-gap measures being taken on an ad hoc basis.²⁰²

²⁰⁰ There is little warrant for requiring more when protection is only from *free riders*. See also the discussion of "examination" versus "registration" systems in note 187, *supra*. Compare Clark's dissent in *Ideal Toy*, note 175, *supra*; Sherry Mfg. Co. v. Towel King of Fla., 753 F.2d 1565, 1569 (11th Cir. 1985).

²⁰¹ See note 196, *supra*; also *Kewanee*, note 145, *supra*, at 488.

²⁰² See, e.g., note 110, *supra*. See also the uneasy compromise in regard to "mask works" in the Semiconductor Chip Protection Act of 1984, 98 Stat. 3347, inserting a new chapter 9 at the end of the Copyright Act (Title 17 U.S.C.), e.g., §§902(c), 906. See also OTA study, note 195, *supra*, at 174; Wilson and LeBarre, *The Semiconductor Protection Act . . .*, 67 J.P.O.S. 57 (1985).

While this protection is called "*sui generis*," except for its very short duration, it appears to be wholly consistent with 17 U.S.C. §102(b) (e.g., a copier is free to "reverse engineer"), if not with §102(a)(5). Such protection should be extended to works other than these and plant patents (see note 72, *supra*). Indeed, it is difficult to justify permitting free riders to reverse engineer.

Admittedly, there is a problem for one who has had access to the work of another to show independent origin, but that should nevertheless be obligatory — contrary to what is presently required. See, e.g., *Downey*, note 158, *supra*; *Morrissey*, note 112, *supra*.

